

# Consolidated Balance Sheets

(Unaudited)

(IN THOUSANDS, EXCEPT SHARE DATA)

March 31,	2009	2008
<b>Assets</b>		
Cash and cash equivalents	\$2,523,278	\$2,565,274
Accounts receivable	65,848	140,976
Fixed assets, less accumulated depreciation and amortization of \$309,688 and \$269,235 at March 31, 2009 and 2008, respectively	146,740	149,447
Deferred income taxes, net	137,398	96,934
Other assets	242,489	242,926
<b>Total assets</b>	<b>\$3,115,753</b>	<b>\$3,195,557</b>
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Accounts payable and other liabilities	\$262,589	\$196,558
Payable to participants	1,478,369	1,632,695
Long-term debt and other borrowings	258,233	280,620
Participants' fund cash deposits	917,964	910,684
<b>Total liabilities</b>	<b>2,917,155</b>	<b>3,020,557</b>
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, Series A, \$100 par value - 1,500,000 and 1,250,000 shares authorized, issued and outstanding at March 31, 2009 and 2008, respectively	150,000	125,000
Common stock, \$100 par value - 18,500 shares authorized, issued and outstanding	1,850	1,850
Paid in capital	11,182	950
Retained earnings	35,566	47,200
<b>Total shareholders' equity</b>	<b>198,598</b>	<b>175,000</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$3,115,753</b>	<b>\$3,195,557</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statements of Income and Retained Earnings

(Unaudited)	<i>(IN THOUSANDS)</i>	
For the Three Months Ended March 31,	2009	2008
<b>Revenues:</b>		
Trading services	\$31,047	\$42,049
Custody services	47,551	57,974
Network services	2,758	3,355
Other services	5,289	5,989
Interest income	4,353	21,516
Total revenues	90,998	130,883
Discounts and other refunds to participants	(8,556)	(45,510)
<b>Net revenues</b>	<b>82,442</b>	<b>85,373</b>
<b>Expenses:</b>		
Employee compensation and related benefits	50,159	49,528
Information technology	5,141	5,473
Professional and other services	15,936	17,869
Occupancy	5,006	5,339
Interest expense	4,759	5,116
Other general and administrative	1,441	1,056
<b>Total expenses</b>	<b>82,442</b>	<b>84,381</b>
Income before income taxes	-	992
Provision for income taxes	-	446
<b>Net income</b>	<b>-</b>	<b>546</b>
Retained earnings, beginning of period	35,566	47,200
Dividends on preferred stock	-	(546)
Retained earnings, end of period	<b>\$35,566</b>	<b>\$47,200</b>

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# Consolidated Statements of Cash Flows

(Unaudited)	<i>(IN THOUSANDS)</i>	
For the Three Months Ended March 31,	2009	2008
Cash flows from operating activities:		
Net income	\$0	\$546
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of fixed assets	10,036	8,354
Changes in operating assets and liabilities:		
Decrease in accounts receivable	31,636	112,999
Decrease in other assets	126	126
Decrease in accounts payable and other liabilities	(52,510)	(59,562)
Decrease in payable to participants	(387,895)	(324,442)
(Decrease) increase in participants' fund cash deposits	(14,398)	3,662
Net cash used in operating activities	(413,005)	(258,317)
Cash flows from investing activities - purchases of fixed assets	(17,450)	(4,316)
Cash flows from financing activities:		
Issuance of preferred stock	25,000	-
Capital contribution	10,232	-
Capital leases	12,200	-
Principal payments on debt and capital lease obligations	(2,542)	(2,153)
Dividends on preferred stock	-	(546)
Net cash provided by (used in) financing activities	44,890	(2,699)
Net decrease in cash and cash equivalents	(385,565)	(265,332)
Cash and cash equivalents, beginning of period	2,908,843	2,830,606
Cash and cash equivalents, end of period	\$2,523,278	\$2,565,274
Supplemental disclosure:		
Income tax payments (refunds), net	\$19,328	(\$17,284)
Interest paid	\$5,042	\$4,929

The accompanying notes are an integral part of these consolidated financial statements.

## NOTE 1

The Depository Trust Company (DTC) is a limited purpose trust company providing central securities depository and related services to members of the securities, banking and other financial industries (participants). The quarterly financial statements of DTC, which have been prepared in accordance with accounting principles generally accepted in the United States of America, should be read in conjunction with the annual financial statements as of December 31, 2008. DTC is a consolidated subsidiary of The Depository Trust & Clearing Corporation (DTCC).

## NOTE 2

DTC's participants are required to maintain deposits related to their activities in the depository. The deposits are available to secure participants' obligations and certain liabilities of DTC, should they occur. The deposits, which are all in cash, totaled \$917,964,000 at March 31, 2009, including excess deposits of \$399,476,000.

## NOTE 3

At March 31, 2009, DTCC and its subsidiaries held aggregate funds of \$1,678,006,000 and securities of \$155,964,000 including the Barclays Cash Deposit, Clearing and Participant Fund balances and proceeds from winding down and closing out the respective Lehman Brothers Inc. (LBI) accounts. As of March 31, 2009 payments totaling \$1,949,420,000 had already been remitted to the Trustee. On April 20, 2009, an additional payment of \$1,092,341,000 was remitted to the Trustee.

Management is not expecting to need to assess losses against retained earnings or to the participants as a result of the liquidation of the LBI accounts.

## NOTE 4

At December 31, 2008, DTC's Tier 1 Capital ratio of 2.1% was below the 3% minimum level. During the quarter ended March 31, 2009, DTC issued an additional \$25 million of Series A Preferred Stock and received a capital contribution of \$10,232,000 from DTCC to replenish its Tier 1 Capital.

As of March 31, 2009, DTC's Tier 1 Capital ratio was approximately 4.3%.